

BEFORE
JAMES R. COX
FACTFINDER

2002-2003
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PUBLIC EMPLOYMENT
RELATIONS BOARD

FORT DODGE COMMUNITY SCHOOL DISTRICT

AND

FORT DODGE TEACHER ASSOCIATES
BARGAINING UNIT

FACT FINDING
2003-2004 CONTRACT

REPORT OF FACT FINDER

Fact Finding in this matter was conducted in Fort Dodge, Iowa, March 18, 2003 in accordance with applicable provisions of the Iowa Statute. This Report is issued in accordance with PERB Sub Rule 7.4(6) after consideration of factors set forth in Section 20.22(9) of the Statute. Sandy Anderson represented the Association while Superintendent Dr. David Haggard presented the Fort Dodge Community School District's case. At the conclusion of the proceeding, each Representative made a persuasive closing argument.

There had been eight bargaining meetings including a Mediation session February 21, 2003. Agreement was reached in all areas except wages and insurance.

During Fact Finding the District and Association mutually agreed upon the following provision which shall be incorporated into Article 11D.

Para-educator Level 1 Generalists having completed an accredited Sub Authorization course and having presented proper documentation to the District by the above dates may substitute in their respective special education middle or high school classroom. Compensation will be at the current substitute teacher rate. They will also be given priority over other substitutes.

WAGES

The Association, in their final position, seeks (1) a \$.35 across the board increase for all Bargaining Unit employees, (2) a \$.10 per hour increase for Associates with a Para Educator Level 1 Generalist Certificate making that rate \$.20 per hour and (3) a \$.10 increase from \$.30 to \$.40 per hour in the differential for those Associates possessing an Associate Degree and 60 or more college credits. The Generalist Certificate premium was a new benefit added during 2002-2003 collective bargaining.

The District, in view of economic considerations discussed below, would maintain the status quo on wages.

According to the evidence, there are 41 Regular Education Associates and 70 Special Education Associates in this Teacher Associates Bargaining Unit. Seven are being paid \$.10 per hour for Para Certification under Article 11 D and 45 were identified as having Associate Level credentials warranting the current \$.30 premium over the start rate. Among the top 25 Districts, only Des Moines, Waterloo, and Fort Dodge provide Associates with a compensation increment for college credits. Fort Dodge is one of six Districts within that group to provide any compensation for Para Educator certification.

Association data shows a start rate in Fort Dodge of \$7.88 and an average start rate in the group of 25 largest Districts at \$8.87. The top rate at Fort Dodge is shown as \$10.45, with an average top rate in the comparability group of \$10.43. There are 19 Associates in Fort Dodge at or above the \$10.45 rate – less than 20%.

These rates, however, are not fully comparable. They do not include longevity pay. Moreover, the Ft. Dodge Salary Schedule does provide, compared to other Associate Units, relatively favorable longevity increases at the 5th, 10th, 15th and 20th years of continuous service. The District points out that only 5 in the comparability group of 25 have longevity schedules which, from the information provided, may arguably be considered more favorable than the schedule in place at Fort Dodge. Of the remaining 19 Districts, six do not have any longevity compensation benefit and the remainder provide only very minimal step increases.

Annual wage increases for this Unit from 1995 through 2002-2003 were: \$.30, \$.30, \$.24, \$.22, \$.20, \$.24, \$.50 and \$.24 last year. The five-year settlement history at Fort Dodge was 4.42%, 4.25%, 4.58%, 5.14% and in 2001-2002 was 6.53%. I note that the 2000-2001 settlement brought the high cents per hour increase shown above. There was no evidence what the insurance increase was that year or whether there was any *give back* or other factor to account for the \$.50 raise.

Board Exhibit 9 costs out the Association's final offer. Their analysis shows a \$47,198.20¹ increase in hourly wages, an increase of 3.23% without roll up. The Board and the Association agree on the cost of the other two open economic areas in wages. The \$.10 addition to the Para Certification benefit would increase wage costs \$789.08 and there would be an additional \$5,518.80 required for the raise to those who would have 60+ hour credentials. The Association stresses that *"approximately two-thirds of the increase will be charged to Special Education Funds.... Seven Associates are paid by Title I funds"*.

THE INSURANCE ISSUE

The present contract provides for a group hospital and major medical insurance policy - Preferred Provider Organization 200 (Midlands Choice) - which is provided to all full-time employees in this Unit – those that work six or more hours per day. The Board selects the carrier.

Currently the Board pays the full monthly premium for single coverage and, in the case of an employee who elects to insure her immediate family under the coverage afforded, the District pays one-third of the dependent portion of the premium. There are 78 employees with single coverage and 12 of that number also have dependent coverage. Of the 12, eight are Special

¹ The Associations is in agreement. Their Exhibit 32 shows an increase of \$47,198.03.

Education Associates. There are 21 Associates presently ineligible for health insurance since they do not work sufficient hours to qualify.

The final position of the District is to modify the insurance plan in three respects. There would be (1) benefit restrictions in three areas, (2) a larger deductible (from a \$200 Deductible to a \$500 deductible)² and (3) a cap on the dollar amount of the premiums it pays for single and dependent coverage. To induce employees to opt out of health insurance coverage entirely, the District would provide a \$100 per month salary supplement for those employees who elect not to be covered by a District Plan. As a condition of opting out, such employees would be required to follow certain conditions including obtaining coverage under another applicable group policy. The cost of opting out would be disproportionate to the taxable \$100.00 benefit.

The Cap is explained in the proposed sentences 4, 5 and 6 of Paragraph A of Article 3, the Insurance Article, which would replace existing language.

"The Board's contribution to the monthly single insurance premium for full-time employees will be capped at \$420 per month. Each employee may insure his/her immediate family under the coverage afforded and the District will pay \$200 per month toward the dependent portion of the premium. The employee shall pay the additional amount necessary to make the monthly payment, which shall be deducted each and every month during the employee's pay period."

A new Paragraph 7 would be added.

"Individuals employed by the Fort Dodge Community School District may elect to provide necessary documentation to the District to establish they are fully insured by other health and major medical insurance. The individual may then elect to opt out of the District's insurance plan and receive an additional \$100 per month in the form of salary in consideration of their decision to opt out of the District's insurance plan."

The three changes in present benefits found in both final offers are: (1) removal of the carry-over credit (deductible and co-insurance); (2) elimination of same day surgery; and (3) a \$25,000 lifetime maximum limitation on infertility coverage.

Recognizing increased insurance cost concerns, the Association would accept a \$50 increase in the deductible (to \$250) and agree to the three benefit area restrictions sought by the District. However, they insist that the current noncontributory feature of insurance coverage for single employees be retained as well as the requirement that the Board pay 1/3 of the dependent portion of the premium for those who elect dependent coverage.

In Exhibit B-7, the District calculates that their insurance proposal would limit the increase in insurance costs to \$58,353.84 or a 3.28% insurance cost increase. Analyzing the rates in Exhibit B-7, they project an monthly premium for single coverage of \$442.62 and for dependent coverage it would be \$654.17. The long-term effect of instituting the dollar cap on their contributions would be of significance to both parties and shift the burden of insurance cost increases to the employee. The Board has not proposed a percentage cap. Such a burden would be particularly onerous in a Bargaining Unit like this where earnings are, compared to better paid classifications in other Units within the District, relatively low. Earnings are low because of the limited hours many in this Unit work as well as the wage level. Transitioning to a partial or fully

² The Board proposes to change coverage to a PPO 500 Plan. The Association would move to a PPO 250 Plan.

contributory plan for single coverage makes more sense in a Unit of employee with higher earnings than the Associates here.

The effect of the proposed cap would have little effect during the 2003-2004 Contract year. Under the Association's cap free proposal for a 250 Plan the District would be paying the single coverage premium of \$458.13, a significant increase over the current \$368.00 but only slightly higher than the \$442.62 premium the District calculates would be payable under PPO 500 plan.³ Dependent coverage under the Association's 250 deductible proposal requires a \$670.32 premium as opposed to the \$654.17 premium for family coverage in 2003-2004 under the District last offer. Going to a \$500 deductible would bring these figures close to balance.

It would be of great significance to the District were they able to achieve a dollar cap on their insurance costs. Further insurance cost increases would be borne solely by Associates. It is unlikely that, at their relatively low wage rates, their earnings would keep up with increasing insurance dollar costs.

According to Board Exhibit 9, insurance costs would increase 5.79% with the Association Proposal and, when added to Wages increases, would constitute a total package increase of 9.45%. Board Exhibit 8 had calculated a PPO 200 proposal to result in a 7.30% increase. There had been a problem in communication.

Comparability

There is no real dispute over the comparability group applicable here. The Parties have recognized the relevance using the 25 largest Districts in Iowa in which Fr. Dodge ranks 21st. Arbitrator Harvey Nathan noted the Parties' general agreement on this group in his 1992 Award.⁴ The Board presented alternate data showing districts ten above and ten below Fort Dodge.

The General Fund levy at Fort Dodge is at 13.1153. As an indicia of effort, Fort Dodge ranks fourth among the top 25 Districts by this criteria. Using the comparative of ten above and ten below, we find Fort Dodge second only to Clinton in terms of General Fund levy. They are tenth in the comparisons of valuation per pupil.

Funding Considerations

According to Association Exhibit 15, Fort Dodge District received in 2002-2003 a total of \$947,172 in Iowa Title I Allocations.⁵ They stress that the sought increases in this Unit would have a less significant effect on funding than in other Units because of such alternate sources of revenue and that a majority of the employees in this bargaining unit are Special Education Associates.

³ The District did not provide any exhibit or testimony which would show the effect of the cap on the number of dollars employees would pay if it were in place.

⁴ In his 1998 Recommendation, Fact finder Nathan noted that in recognition of the high costs of insurance benefits, the Parties had a practice of expressing their proposals and settlements in terms of total package increases. At that time, he calculated that the price of insurance represented about 20% of direct labor costs. He found that there had been a practice within the District of benchmarking a 15% increase in health insurance and converting any insurance cost increase below that figure- the dollar "savings" - into wage increases. Such an argument is not made here. Nathan noted that at that time, as today, that Fort Dodge had no new money and was concerned about committing themselves to increased continuing costs without the ability to fund those increases.

⁵ Evidence offered with respect to funds the District might receive under the "No Child Left Behind Act" was not considered here because the District has not adopted such a program. Similarly, recommendations made by an ISAVE group were irrelevant because of their recentness, and none have been analyzed or adopted.

Board Exhibit 15 addresses the contention that positions that support Special Education Students can be funded through Special Education Funds and, if the Special Education Program were to operate at a deficit, the District could recover funds without impacting the General Fund. The Board argues that there is an impact on the tax effort to support education and in Exhibit 16 illustrates that effort in Fort Dodge. A new Instructional Support Levy has started this year and will continue through 2003-2004.

The Board stresses that, considering the loss of jobs in this community coupled with declining school enrollment, it would be difficult to place a "greater burden on a local taxpayer." The Board also points out that, as a matter of equity, "not all employee groups can divide their Unit and identify a separate funding source that when tapped, even at the expense of increasing the burden on the taxpayer, will aid in funding otherwise unaffordable increases. The second is the reality that the District has no new money and that as a result, any settlement will have to be funded at the expense of staff and program reductions."

Similar circumstances exist as in 1998 when Mr. Nathan issued his Fact Finding Report and found that the "District has the ability to pay more for this Unit (underlining his). The salary costs for these employees has an inconsequential impact on the General Fund. Too much is tied to special education to argue otherwise. ... The one reason to deny these employees a larger increase is the fear that the teachers will demand the same thing. But the law contemplates that each unit be assessed on its own." While the teachers may be awaiting the outcome here, they should be aware of the special circumstances here.

Settlements to date.

The limited number of settlements in Associate Bargaining Units for the 2003-2004 Contract year reported at the time of the Fact Finding is inconsequential.

Edgewood-Colesburg negotiated a \$.25 per hour, or \$25 per month, constituting a 3.9% package. At Johnston the second year of their Agreement showed a 4.4% package, Postville ESEA had an \$.80 per hour increase within a 7.1% package and Southeastern Community College settled with a \$.30 per hour increase and a 4.8% total package. Waco ESP negotiated a \$.30 per hour across-the-board increase despite a reported insurance increase exceeding 40% - a figure that should be checked. West Delaware shows a 4.8% package increase. The hourly rate at Southeast Pope was increased at the six-month level by \$.47 effective March 2004 and April 2005.

ANALYSIS

There are several significant factors.

First, the evidence is that, despite a consistent downward enrollment trend and substantial decreased enrollment projections for the next few years, the District has not reduced the number of employees in this Unit. In 1998 there were 93 positions in the Unit and that number had increased by 17 from 1996-1997.

Secondly, the depressed economic community of Fort Dodge continues to lose jobs. Nevertheless funding per pupil remains relatively high and, according to levy figures, a significant effort is being made in this community to maintain funding and have a quality school system.

Third, there is mutual agreement that insurance costs have risen dramatically. Even the Association proposal, if recommended, would result in a substantial percentage increase.

Fourth, the Board proposal on wages and insurance, while maintaining basic wage rates without an increase, would require employees to begin paying a greater portion of their insurance costs. While only twelve Associates have dependent coverage – probably because of the high cost at their level of earnings - those Associates are under present language subject to higher costs for that portion of the premium they pay. Should there be a cap on what the District would pay, in future school years, the vulnerability of these employees to absorb any increases in premium costs could have a drastic effect on their ability to maintain coverage considering their relatively low earnings.

There was no evidence of any comparable District that has placed a cap on insurance contributions. Such a cap is certainly incompatible with a wage freeze in the face of increasing insurance costs. Even more serious, here the proposed cap is not on a percentage basis but an absolute dollar limit. To reiterate, a cap would be especially onerous when applied to a Unit with such relatively low wages. Negotiation of a cap on employer dollar contributions is often part of a proposal the includes a significant wage increase. There is no room for such an increase this Contract Year.

Finally, the Parties are not in disagreement over the importance of making an effort to address increasing insurance benefit costs by moving to Plans less expensive than the PPO 200 currently in place.

RECOMMENDATION

Having considered all the evidence, the Factfinder recommends that the Parties adopt PPO 500 with the modifications in the three areas as identified above, but without any cap on employer contributions. The Plan would remain noncontributory to the extent presently provided by the final three sentences of Article 12A with the Employer continuing to pay the single monthly premium and 1/3 of the dependent portion of the premium. However, while there will still be a significant insurance cost increase to the District, going to the \$500 deductible should bring that cost close to or below the premium dollars they would have expended this year were their proposal adopted. The real effect of the cap will be significant in future years.

The District costs the \$.35 cent Association demand at 3.23%. Considering the criteria set forth in the Iowa Statute and mindful of the relative economic position of this District, I recommend a \$.20 per hour across the board increase for all Associates presently employed in this bargaining unit.

Certainly from a comparability standpoint, there is no basis for any increase in either the Para Educator Certification or the college credit premiums. In making my 20 cent recommendation, I have given weight to the positive effect of the longevity increases on wages.

Under the economic circumstances here, the 20 cent increase together with my recommendation on insurance would provide a most reasonable resolution of this matter in this rather unique Bargaining Unit.


James R. Cox
Fact Finder

Issued this 27th day of day of March 2003.

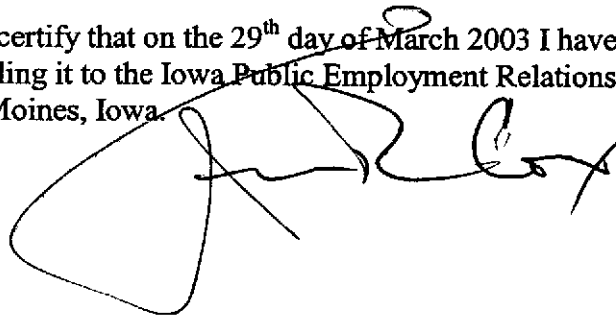
CERTIFICATE OF SERVICE

I hereby certify that on the 28th day of March 2003 I served the foregoing Report of Fact Finder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below.

Dr. David Haggard
Superintendent
Fort Dodge Community Schools
104 South 17th Street
Fort Dodge, IA 50501

Sandy Anderson
206 West 7th Street
Carroll, IA 51401

I further certify that on the 29th day of March 2003 I have submitted this Report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, Iowa.

A large, stylized handwritten signature in black ink, likely belonging to the person who submitted the report for filing.